

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:1118
ANSWERED ON:07.12.2004
STEEL PLANTS
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Will the Minister of STEEL be pleased to state:

- (a) whether the Government has noticed shortcomings in the performance of steel sector recently;
- (b) if so, the details thereof;
- (c) whether PSUs in steel sector sought financial assistance from the Government;
- (d) if so, the details thereof, sector-wise;
- (e) whether the Government has received external assistance for modernisation and expansion of steel plants in the country; and
- (f) if so, the details thereof and progress made in the modernisation and expansion of public sector steel plants?

Answer

MINISTER OF CHEMICALS & FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) & (b) In so far as the steel plants in the Public Sector are concerned, no shortcoming have been noticed recently in the physical as well as financial performance except minor adjustments. During the first quarter of 2004-05, there has been a lower production of 2371000 Tonnes of saleable steel from 292500 Tonnes in Quarter -4 of 2003-04 in Steel Plant of SAIL. In Quarter-2, this has improved to 2782000 Tonnes. Similarly there were slight shortcomings in Coke Rate, Special Energy Consumption and Blast Furnace productivity, as detailed below:-

Parameters Unit 2003-04 2004-05

4th Quarter 1ST quarter 2nd Quarter

Coke Rate	Kg/thm	555	549	555
Special Energy Consumption	Gcal/tcs	7.44	7.52	7.48
Blast Furnace Productivity	T/cum/day	1.42	1.32	1.40

In so far as steel plants under private sector are concerned, based upon the available information, physical and financial performances of major steel plants in private sector have shown improvement in recent times.

- (c) Yes, Sir.
- (d) Details of financial assistance given to PSUs of the Steel Sector during the last 2 years are given in the Annexure.
- (e) No, Sir.
- (f) Do not arise.

ANNEXURE

Consequent to the Financial and Business restructuring of SAIL the company has been extended the following financial assistance:-

- (a) Waiver of loans advanced to it from Steel Development Fund (SDF) to a value of Rs.5073 crores and Rs.381 crores from the Govt. of India.
- (b) Provision of Govt. Guarantee with 50% interest subsidy for loan and interest thereon of Rs.1500 crores to be raised by SAIL from the market to finance reduction in manpower through Voluntary Retirement Scheme (VRS).

(c) Government guarantee for loan and interest thereon of Rs.1500 crores to be raised by SAIL from the market primarily for meeting repayment obligations on past loans during 1999-2000.

(d) In addition to guarantees under financial restructuring, the Government of India had also provided two guarantees of Rs.500 crores each during 2001-02 and 2002-03 for a short period of two years and one year respectively, for bridge financial loans. The resources against these guarantees were raised during September 2001 and July 2002. The loans raised have since been repaid on maturity and accordingly, the underlying guarantees stand discharged. Subsequently the under mentioned Interest subsidies have been released to SAIL.

Year	Amount (Rs. In Crore)
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2002-03	28.53
2003-04	54.16
2004-05 (upto Nov` 04)	9.30

(e) Government of India had approved on 19th June, 2002, the Rehabilitation proposal for revival of the Indian Iron & Steel Company Ltd. (IISCO), a subsidiary of Steel Authority of India Limited (SAIL)

(f) The Scheme for Rehabilitation of IISCO envisages:

- Capital Expenditure of Rs.341 crores (Rs.230 crores for Burnpur Works & Rs.111 crores for development of Collieries & Mines).
- Closure of Kulti Works.
- Reduction of 9000 employees through Voluntary Retirement Scheme (VRS) at Burnpur, Collieries & Mines including Kulti Works.
- Grant by Government of Rs.186 crore for VRS for Kulti Works.
- Government Guarantee for Rs.341 crore for Capital Expenditure & Rs.354 crore for VRS of IISCO employees excluding Kulti Works.
- Waiver of SDF loans of Rs.44.68 crore & JPC dues of Rs.18.49 crore extinguishing all outstandings towards SDF/JPC.
- Waiver of past dues on account of Royalty and Cess etc. amounting to Rs.116 crores (approx.) and exemption of Sales Tax, Electricity duty for a period of 5 years from 2003-04 to 2007-08 by Government of West Bengal (GoWB).